

EUROPEAN ECONOMY

COMMISSION OF THE EUROPEAN COMMUNITIES • DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

No 10 — October 1981

Supplement A

Recent economic trends

Realignment of EMS central rates on 4 October. — The Council of Ministers of Finance and Central Bank Governors of the Community decided by mutual agreement and according to a common procedure to the following changes in bilateral central rates: the DM and HFL are revalued by 5,5% against the DKR, BFR/LFR and LIT; the FF and LIT are devalued by 3% against the same four currencies. Details are given in the annexed *Economic brief*.

Industrial production stable in mid-year 1981. — Revised figures for industrial production in the Community for June (up 0,6% instead of 0,4%) show that the underlying trend, as shown by the three-monthly moving average, stabilized at around the same level as at the beginning of the year. Available data for July show a rise in Denmark (4%), the Federal Republic of Germany (0,9%) and Italy (2,7%) with unchanged level in the United Kingdom and a fall in Belgium and in Luxembourg. A firm indication of recent developments will, however, have to wait until both July and August results are available for all major Member States.

Continued increase in unemployment. — The rate of unemployed in the Community (seasonally adjusted) rose by 0,1 percentage points to 8,3% of the civilian labour force in August. The number of unemployed rose by 187 000 to 9,2 million, slightly higher than the 180 000 increase in July but considerably less than some monthly increases earlier in the year which had been well over 200 000. Among the Member States, there were large rises in unemployment in the United Kingdom (up 0,3 points), Belgium and the Federal Republic of Germany (each up 0,2 points) in August, but on a twelve-monthly basis, unemployment is rising fastest in the Netherlands (up 55%), the Federal Republic (up 49%) and Luxembourg (up 46%).

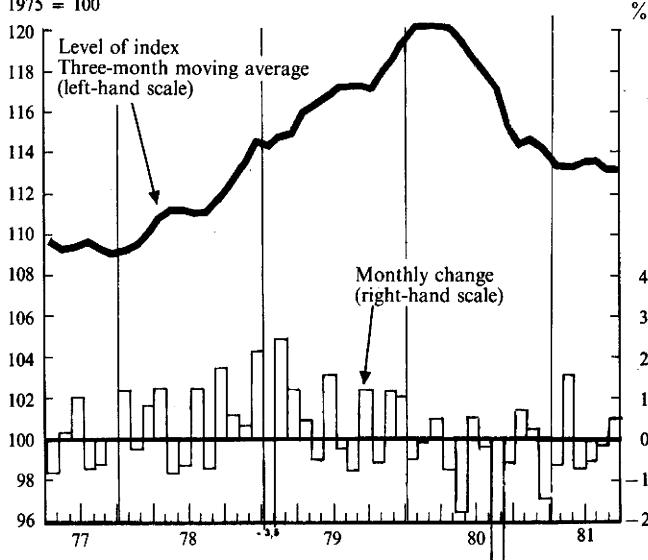
No clear trend in price developments. — The rise in the Community consumer price index in August at 0,7% was the lowest recorded so far this year but this was principally due to seasonal factors. The underlying annual rate based on the change over six months, seasonally adjusted, was relatively stable at 12½%. After the tax changes in various countries which boosted the index in July, the price of energy was the most significant factor behind the increases recorded in August. Accordingly, higher petroleum prices were a major factor in the price rises in the Federal Republic of Germany, France, Luxembourg (where they accounted for 94% of the rise in the index) and the United Kingdom where the first significant upward movement in the rate of inflation was recorded since spring last year. This occurred despite the significant dampening effect of seasonal foods, which was also the case in Luxembourg and the Netherlands and to an even greater extent in Greece, where the index declined by 0,8%. In France another major factor behind the increase in August was higher public charges without which the figure would have been a modest 0,8%. In Italy the August figure of 0,7% was the lowest recorded since December 1978 but preliminary figures for September are less encouraging with an increase of 1,7% emerging in Turin. The mid-August quarterly increase in Ireland showed a significant acceleration to 5,6%, but 1,5% of this rise can be attributed to budgetary measures in July.

New data on the volume of retail sales. — Beginning with this issue of Supplement A, the table on gross hourly wages in industry is being replaced with a new table on the volume of retail sales (Table 4). The table on gross hourly wages and other indicators of cost competitiveness

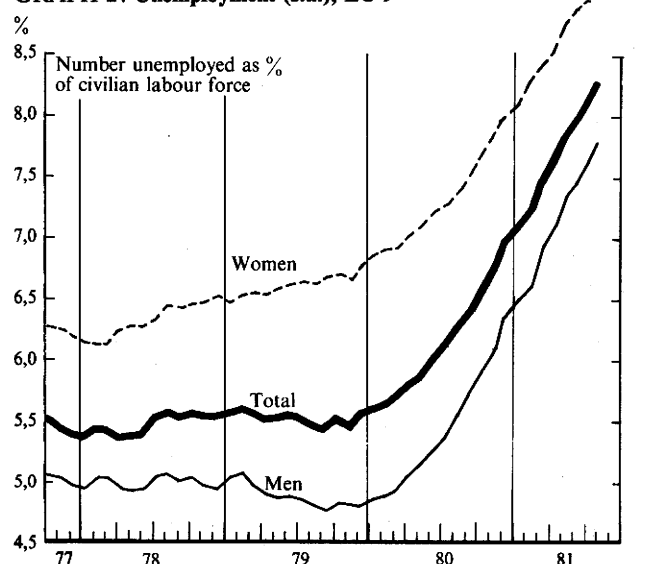
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GRAPH 1: Industrial production (s.a.), EC-10

1975 = 100



GRAPH 2: Unemployment (s.a.), EC-9



will in future be presented periodically as a special feature. A more detailed introduction to this series is presented elsewhere in this issue. After modest growth in the second half of 1980, the volume of retail sales turned down in the first quarter of 1981, and did not recover until April when it expanded by 3.9% in the Community as a whole, the last month for which comprehensive data is available. Incomplete information for later months suggests that retail sales may have fallen sharply again in May, but there are indications of a recovery in June. For July and August, few figures are available as yet, but recent results from the Community's consumer surveys show a further deterioration in consumer confidence in the Federal Republic of Germany in August and a continuing low level in the United Kingdom. This, combined with the sharp drop in retail sales in France suggests that a sustained upturn in retail sales has not yet taken place.

External trade figures improving somewhat. — According to very provisional estimates, the Community's trade deficit widened in March, returning to a monthly rate of some 3 500 million ECU (cif-fob) in April, May and June. The three-monthly moving average suggests that external trade improved in May and June. After her external trade had deteriorated sharply up to May, Italy recorded an appreciable reduction of her deficit in the next two months. The Netherlands also improved her position in July while Ireland's trade deficit widened. The Federal Republic of Germany's trade surplus, particularly large in July, fell sharply in August; in the same month, France saw her deficit fall significantly and the Irish deficit contracted.

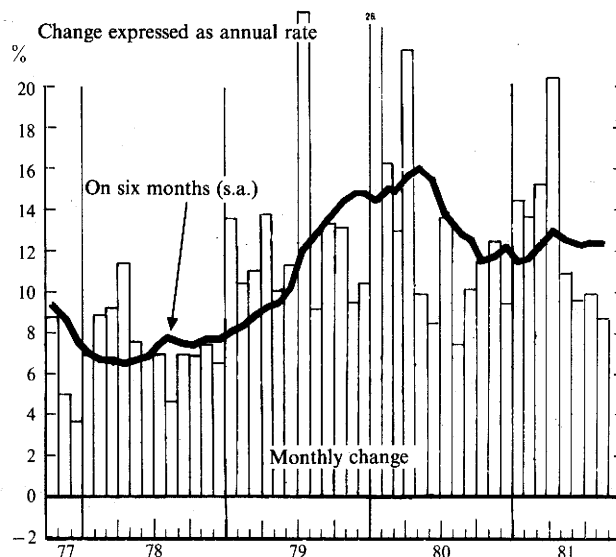
Slight decline in monetary expansion. — In June, monetary expansion (s.a.) slowed down slightly on average for the Community, standing at 0.5% compared with 0.9% the month before. But there is still no uniform trend. In Belgium, for example, money creation accelerated noticeably in the second quarter while liquidity in the Netherlands rose only slightly over the period. The figures available for July and August show a small increase in the money supply in the Federal Republic of Germany; in the United Kingdom sterling M3 grew very rapidly in July (though the figures have been distorted by the civil service pay dispute) and expanded more moderately in August.

Interest rate movements vary. — In September international considerations dominated the movement of short-term interest rates. Interest rates began to ease cautiously in the United States in the middle of the month, and the effects worked through to the money markets of the Netherlands and the Federal Republic of Germany. France and the United Kingdom, however, were compelled to raise the short-term money rate because their currencies were coming under pressure. Overall the average in the Community went up from 15% in August to 16% in September. On the capital markets, long-term yields rose in most of the Member States in August. Long-term rates started to drift downwards in France in August, and in the Federal Republic of Germany in September.

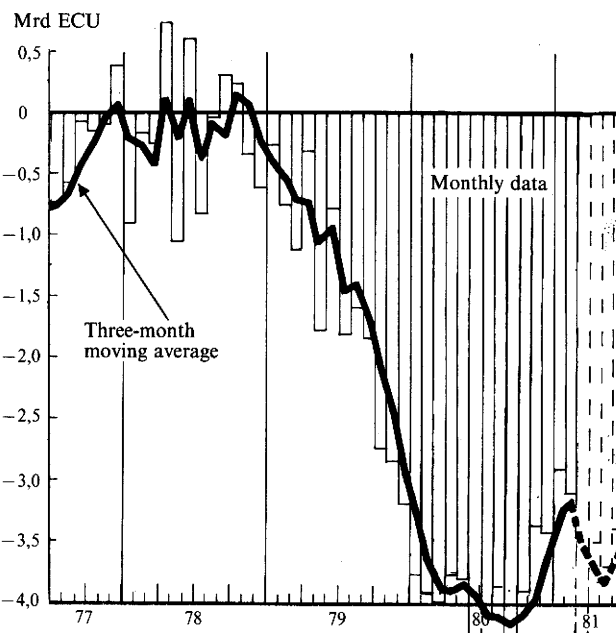
The dollar and sterling lose ground. — The dollar began to lose ground in the second half of August and continued to do so in September. For the first time in over a year, the ECU gained substantially on the dollar: an average of 5% for the month (Table 9). Of the European currencies sterling depreciated sharply, losing over 5% against the ECU. Within the European Monetary System, the French franc and the Belgian franc came under continuing heavy pressure, while the German mark on several occasions crossed its upper divergence threshold. In effective terms the ECU appreciated by an average of 3.3% in September: apart from the fall in the dollar and the yen, this figure can be explained by the devaluation of the Swedish krona in the middle of the month.

6 October 1981.

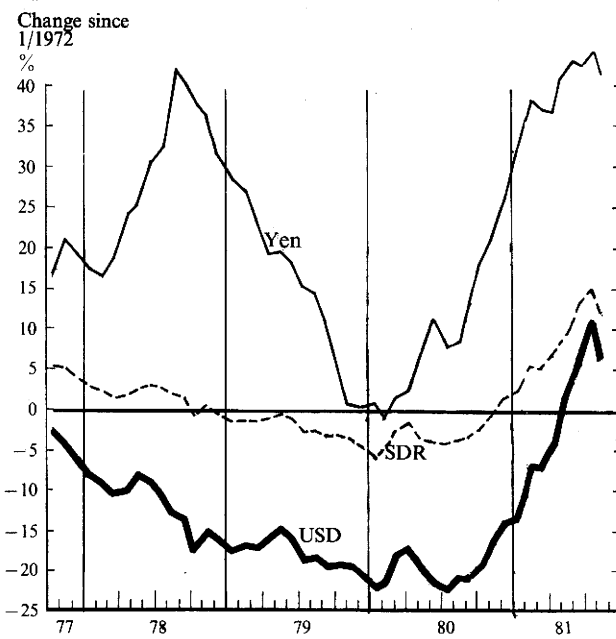
GRAPH 3: Consumer prices EC-10



GRAPH 4: Trade balance (s.a.), EC-9



GRAPH 5: Value of USD, yen and SDR in ECUs



EUROPEAN ECONOMY

COMMISSION OF THE EUROPEAN COMMUNITIES • DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

Supplement A - No 10

Economic brief

October 1981

The monetary adjustments of 4 October 1981

On 4 October 1981, the Ministers and Central Bank Governors of EEC member countries have by mutual agreement, in a common procedure comprising the Commission and after consultation of the Monetary Committee, decided on an adjustment of central rates within the European Monetary System. This adjustment leads to the following changes in the bilateral central rates:

- the German mark and the Dutch guilder are revalued by 5,5% *vis-à-vis* the Danish krone, the Belgian franc, the Luxembourg franc and the Irish pound;
- the French franc and Italian lira are devalued by 3,0% *vis-à-vis* the Danish krone, the Belgian franc, the Luxembourg franc and the Irish pound.

The bilateral central rates between the Danish krone, the Belgian franc, the Luxembourg franc and the Irish pound remain unchanged.

Moreover, the adjustment of central rates results in attributing to the pound sterling a new theoretical central rate derived from its market rate.

The new ECU central rates resulting from this adjustment are the following (in units of national currency per ECU):

	Former central rates (23/3 - 4/10/81)	New central rates (as from 5 October 1981)	Percentage change against the ECU
BFR	40,7985	40,7572	+0,1
LFR	40,7985	40,7572	+0,1
DM	2,54502	2,40989	+5,6
HFL	2,81318	2,66382	+5,6
DKR	7,91917	7,91117	+0,1
FF	5,99526	6,17443	-2,9
LIT	1262,92	1300,67	-2,9
IRL	0,685145	0,684452	+0,1
UKL	0,542122	0,601048	-9,8

In effective terms (with weights calculated on the basis of the trade pattern of 1980) the central rate adjustments within the EMS (excluding the pound sterling) entail an effective appreciation of the rate of the DM of 5,9% and an appreciation of the HFL of about 3,7%. The IRL depreciates by 1,4%, the BFR by 1,8%, the DKR by 2,5%, the LIT by 4,5% and the FF by 4,6%.

Readjustment of parities within the EMS

Statement by Mr Ortoli, Vice-President of the Commission,
to the press (5 October 1981) on behalf of the Commission

1. On 4 October 1981, the central rates applied in the EMS were realigned by a decision of the Council of Ministers for Economic Affairs and Finance, taken in accordance with Community procedures.

The Commission has participated fully in the work leading up to this decision.

It notes with satisfaction that the decision fully respects the principle of fixed and adjustable rates on which the EMS is founded.

It considers that the new parities are realistic: if the changes had been too great they could have caused artificial distortions, and if they had been too small they could have undermined the credibility of the new parities.

2. The economic divergences between the States participating in the EMS have tended to widen, particularly as regards inflation and costs, and this called for a readjustment within the EMS. Yesterday's decision is an act of sound management which demonstrates the system's flexibility and adaptability.

The realignment decided on yesterday is intended to produce greater convergence between the economies of the Member States. It must, of course, be accompanied by the appropriate economic and monetary policy measures; the effects of the external adjustment will not be durable unless adjustment also takes place internally.

Realignment gives the appreciating currency countries (the FR of Germany and the Netherlands) fresh support in their efforts to moderate inflation. I hope that it will open the way to bringing interest rates down: this is an important element in improving economic performance and will contribute to higher growth in the Community as a whole. It also underscores the importance of the European Monetary System's relations with the major non-Community currencies, especially since the movement of the dollar and of interest rates have put the EMS under repeated pressure; the Commission has, on several occasions, suggested that the ground rules for organized monetary

cooperation with the United States should be defined. It considers that, in order to consolidate the EMS, headway should be made in this direction.

The depreciating currency countries must grasp the opportunity provided by devaluation. The fight against inflation must be stepped up, in order to prevent costs from rising: this means that the growth and size of budget deficits, and public deficits generally, must be controlled, monetary policies must be conducted in conditions which ensure that the new parities can be lastingly observed, and costs and therefore incomes must be moderated. The Commission is convinced that progress can and must be made toward closer convergence between the economies of the Member States. In this connection it has made and will go on making concrete proposals, all of them pointing to the need to strengthen the EMS in preparation for the transition to its second phase.

Yesterday's realignment strengthens the conviction which I expressed in the forward to the fifth medium-term economic policy programme¹:

- it is of the utmost importance for Europe to assert its own interests in order to diminish the disturbances which affect the international monetary system, and consequently, its own economic development;
- Europe cannot act with strength externally unless this action is based on a consolidated organization internally, the EMS;
- if the EMS is to be consolidated, genuine convergence of the economies is now essential.

The decisions taken yesterday are consistent with the design of the system. But they must also be seen in a wider context, that of a Europe capable of responding to the internal and external challenges which it cannot escape.

¹ *European Economy* No 9, July 1981.

Central rates of EMS currencies
(parity grid in force as from 5 October 1981)

		Amsterdam in HFL	Brussels in BFR	Frankfurt in DM	Copenhagen in DKR	London in UKL	Dublin in IRL	Paris in FF	Rome in LIT
100 HFL	+2,25% central rate -2,25%	100	1564,85 1530,03 1496,0	92,525 90,4673 88,455	303,74 296,986 290,38	*	26,279 25,6944 25,1228	237,06 231,789 226,63	51845,0 48827,2 45985,0
100 BFR/LFR	+2,25% central rate -2,25%	6,6845 6,53583 6,3905	100	6,047 5,9128 5,781	19,8520 19,4105 18,9785	*	1,71755 1,67934 1,64198	15,494 15,1493 14,8125	3388,5 3191,26 3005,5
100 DM	+2,25% central rate -2,25%	113,05 110,537 108,0775	1729,75 1691,25 1653,60	100	335,74 328,279 320,980	*	29,0480 28,4018 27,7700	262,05 256,212 250,50	57308,0 53972,2 50831,0
100 DKR	+2,25% central rate -2,25%	34,4375 33,6716 32,9225	526,90 515,186 503,75	31,155 30,4619 29,785	100	*	8,84854 8,65169 8,45922	79,825 78,047 76,31	17457,0 16440,9 15484,0
1 UKL	central rate	*	*	*	*	1	*	*	*
1 IRL	+2,25% central rate -2,25%	3,9805 3,8919 3,8055	60,9020 59,5471 58,2225	3,601 3,5209 3,443	11,8214 11,5584 11,3013	*	1	9,2265 9,02098 8,8205	2017,75 1900,31 1789,71
100 FF	+2,25% central rate -2,25%	44,125 43,1428 42,1825	675,10 660,097 645,40	39,920 39,0302 38,160	131,04 128,128 125,28	*	11,3375 11,0853 10,8387	100	22367,0 21065,3 19839,5
1000 LIT	+6% central rate -6%	2,17450 2,04804 1,92875	33,275 31,3355 29,510	1,967 1,85281 1,745	6,4580 6,0824 5,7285	*	0,55875 0,52623 0,49560	5,0405 4,74714 4,4710	1000
1 ECU	central rate	2,66382	40,7572	2,40989	7,91117	(0,601048)	0,684452	6,17443	1300,67

* Does not participate in the exchange mechanism.

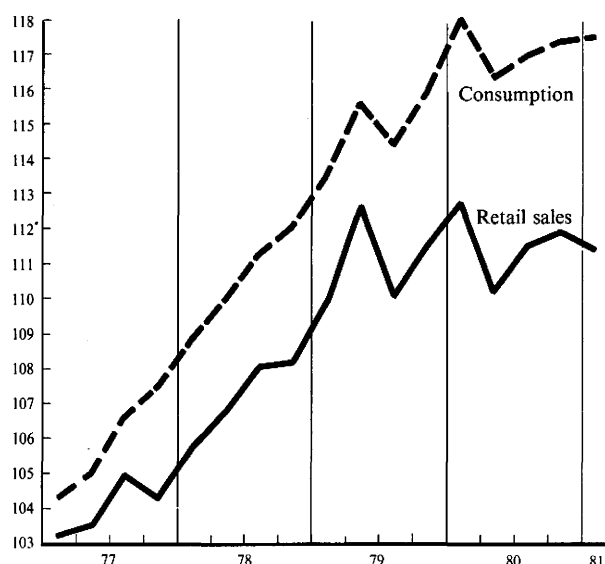
New statistics on the volume of retail sales

The new series on the volume of retail sales presented in Table 4 is calculated from the indices of retail sales prepared by Eurostat from data submitted by the national statistical offices. However, there are some variations in the coverage of the series between Member States. The volume of retail sales is defined as the ratio between sales indices at current prices and the corresponding price indices (prices of goods sold in the retail trade). For Italy, the Netherlands, and Greece, national indices exist only for sales at current prices, and the volume indices are calculated by Eurostat using the corresponding indices of consumer prices. Except for Denmark, France, Ireland and the United Kingdom, for whom national seasonally adjusted indices exist, seasonal adjustment is also carried out by Eurostat. In the case of the United Kingdom, the indices do not refer to monthly sales, but weekly averages of sales during the month (four or five week periods). The scope of the data also vary between Member States. In general the indices cover the whole of the retail trade, except for France and Italy where they cover only large-scale distributors (supermarkets, chain-stores and department stores) but not small or medium-sized retail stores. No figures are presented for Luxembourg, since the only index existing is for the cooperative stores which cannot even approximately be considered representative of sales in the retail trade as a whole. The index of sales for the Community as a whole is obtained by weighting the national indices on the basis of the volume of goods consumed by households in 1975. The Community total is estimated when national indices corresponding to at least 80% of the total weighting coefficients are available.

The usefulness of this series as an indicator of economic behaviour in the economy is illustrated in the graph on this page, showing the volume of retail sales (quarterly figures) compared with the trend in private consumption of goods and services derived from the quarterly national accounts estimates prepared by the Commission services on the basis of national accounts statistics for the four major Member States. It can clearly be seen that in general, the movements in the volume of retail sales match those in private consumption as a whole, although the size of the fluctuations in the former are somewhat greater. This difference in the movements of the two measures can be explained by the difference in their definition and coverage: the private consumption index measures consumption of both goods and services, whereas the volume of retail sales index covers only sales of goods through retail outlets. In fact, studies carried out by Eurostat using annual national accounts data have shown that when the volume of retail sales is compared with private consumption of goods only, a large part of this divergence disappears, fluctuations in the volume of sales of services having a particularly noticeable effect on the movements of private consumption in France and in Denmark.

Comparison of the two indices in the graph shows that the fall in private consumption in the third quarter of 1979 and the second quarter of 1980 are clearly reflected in the volume of retail sales, but in general the fluctuations in the retail sales index have overstated the development in private consumption. The sharp drop in retail sales in the fourth quarter of 1977 for example, was not reflected in the trend of private consumption and in the period since the middle of 1979, fluctuations in the volume of retail sales have been much more marked than those in private consumption. As a result, the two indices have diverged: private consumption is now nearly back to the peak reached in the first quarter of 1980, while the volume of retail sales is well below its peak level and also tending downwards.

GRAPH 6: Private consumption (goods and services) by volume and the volume of retail sales



To a large extent, this divergence can be explained by the behaviour of sales of services, which would appear to have remained much more buoyant than retail sales throughout the whole period covered by the graph. It would appear that services are much less sensitive than goods to falls in real household income: the two periods of sharp decline in retail sales were both immediately preceded by an acceleration in the rate of increase in consumer prices. At the beginning of the third quarter of 1979 and throughout the first quarter of 1980, monthly increases in consumer prices were running at an exceptionally high level (see Graph 3).

In the four Member States shown in the table, the widest divergence occurs in France, for the reasons stated above, but even there, there is an underlying similarity between the movements of the two indices. The other three Member States demonstrate a much closer relationship between the two measures. In the United Kingdom, there was a tendency to diverge in the first quarter of 1980 when the sharp rise in private consumption was not matched by retail sales, but by the beginning of 1981 the two indices are at the same level. In the Federal Republic of Germany and Italy, there is a tendency to diverge from the beginning of 1980 onwards—slightly later in Italy—with much sharper movements in retail sales than in private consumption.

Comparison of indices of the volume of private consumption of goods and services and retail sales (s.a.)

1975 = 100

		1977				1978				1979				1980				1981
		I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	
D	Private consumption	105,2	106,0	107,8	108,8	109,8	110,9	111,9	112,1	114,0	116,0	114,3	115,2	117,6	115,6	117,1	117,1	116,3
	Volume of retail sales	105,1	106,1	108,1	108,6	108,9	109,5	110,7	110,9	112,4	115,0	111,3	113,3	115,8	110,9	113,1	113,4	111,6
F	Private consumption	107,5	107,9	109,7	110,4	111,9	113,9	114,9	115,9	117,1	117,6	118,2	119,4	120,1	119,8	120,8	121,6	121,2
	Volume of retail sales	103,8	101,9	102,7	101,2	103,3	104,9	105,7	104,9	107,0	107,3	107,2	107,2	107,1	104,7	106,1	108,2	106,3
I	Private consumption	103,4	105,9	107,1	107,2	107,3	108,2	109,7	111,1	112,7	113,8	115,0	117,8	119,4	120,3	120,1	119,6	119,6
	Volume of retail sales	104,6	108,0	108,0	105,5	106,7	107,8	108,9	110,0	113,5	115,6	117,0	117,7	119,8	119,2	122,3	122,1	120,8
UK	Private consumption	98,7	98,7	100,0	101,4	104,0	104,6	106,9	107,2	108,4	114,1	108,9	111,1	114,5	110,1	109,8	111,1	112,7
	Volume of retail sales	97,4	96,4	98,9	100,2	101,2	102,3	105,4	106,1	105,7	112,9	106,5	109,0	110,2	109,1	108,8	109,0	112,7
EC	Private consumption	104,3	105,1	106,7	107,5	108,9	110,1	111,3	112,1	113,6	115,7	114,5	116,1	118,1	116,5	117,1	117,5	117,6
	Volume of retail sales	103,3	103,6	105,1	104,4	105,9	106,9	108,2	108,3	110,0	112,7	110,2	111,6	112,9	110,3	111,6	112,0	111,5

TABLE 6: Money supply⁸ - Percentage change on preceding period (s.a.)

		1976	1977	1978	1979	1980	1980			1981		1981							Change over 12 months % ²
							II	III	IV	I	II	Feb.	March	April	May	June	July	August	
B (M2)		13,4	9,9	9,7	6,1	2,7	0,4	0,3	1,3	0,8	3,5	6,3
DK (M2)		11,4	9,8	6,7	9,9	10,9	0,7	2,0	5,3	2,3	2,6	1,1	1,5	1,1	0,1	1,4	-0,2	.	12,8
D (M3)		8,4	11,1	11,0	6,0	6,2	1,0	1,0	2,5	1,3	2,3	0,3	0,0	1,2	0,3	0,8	0,4	0,3	7,2
F (M2)		12,8	13,9	12,2	14,4	9,7	1,4	2,3	2,4	3,7	3,9	1,0	0,3	2,1	1,4	0,4	.	.	13,0
IRL (M3)		14,3	16,3	28,7	19,0	16,9	2,5	6,8	3,8	4,5	1,8	4,5	-2,3	1,2	0,7	-0,2	3,2	4,0	20,2
I (M2)		20,8	21,8	22,8	20,4	12,3	2,3	1,8	5,3	2,2	1,1	0,8	0,6	0,0	0,3	0,8	.	.	11,0
NL (M2)		22,7	3,6	4,2	7,0	3,6	2,8	0,7	0,5	4,2	0,8	2,2	0,7	0,3	1,6	-1,1	.	.	6,6
UK (£M3)		11,3	9,3	13,3	11,7	19,6	3,7	7,7	4,9	1,7	3,9	0,3	0,7	2,2	1,5	0,1	2,1	1,0	14,5
EC 8 ⁹		12,9	12,3	12,7	11,0	9,7	1,8	2,5	3,1	2,3	2,7	0,7	0,4	1,3	0,9	0,5	.	.	(11,2)
USA (M2)		14,1	10,8	8,3	8,8	9,6	2,0	3,6	1,5	2,9	1,8	0,9	1,4	1,1	0,3	0,3	0,6	1,0	8,8
JAP (M2)		13,5	11,1	13,1	9,1	7,2	1,5	0,9	2,1	2,3	(4,5)	1,1	0,3	0,7	3,2	(0,5)	.	.	(10,0)

TABLE 7: Short-term interest rates¹⁰

	1976	1977	1978	1979	1980	1980		1981			1981							Change over 12 months 2
						III	IV	I	II	III	March	April	May	June	July	August	Sept.	
B	10,0	7,6	7,3	10,1	14,2	12,6	13,1	17,0	15,3	16,0	17,0	17,0	16,9	15,3	16,5	16,0	16,0	3,4
DK	10,3	14,5	15,4	12,5	16,9	17,9	12,0	15,2	18,1	20,6	15,2	14,3	13,1	18,1	18,3	17,0	20,6	-2,7
D	4,2	4,4	3,7	6,7	9,5	9,2	10,2	13,4	13,0	12,2	13,4	13,0	13,4	13,0	13,0	12,9	12,2	3,0
F	8,8	9,3	8,1	9,5	12,4	12,6	11,6	12,9	18,1	18,7	12,9	13,1	18,1	18,1	17,0	17,6	18,7	6,1
IRL	11,8	8,4	9,9	15,9	16,3	13,6	13,6	14,6	15,8	18,9	14,6	15,2	15,9	15,8	17,4	17,4	18,9	5,3
I	17,6	14,5	11,3	11,5	15,9	14,8	16,5	19,0	19,5	.	19,0	18,2	20,2	19,5	20,2	21,0	.	5,0
NL	7,1	4,8	6,6	9,5	10,6	10,3	9,4	10,3	11,8	12,9	10,3	11,3	12,2	11,8	13,3	13,8	12,9	2,6
UK	10,6	8,1	8,3	13,7	16,8	15,9	14,9	12,6	12,7	16,9	12,6	12,5	12,5	12,7	14,7	14,1	16,9	1,0
EC 8 ⁹	7,5	8,0	7,2	9,6	12,7	12,3	12,3	13,8	15,2	(16,1)	13,8	13,8	15,4	15,2	15,5	15,6	(16,1)	(3,8)
USA	5,0	5,3	7,2	10,1	11,4	10,5	14,6	12,9	14,1	14,1	12,9	13,7	15,6	14,1	15,2	15,6	14,1	5,7
JAP	.	6,2	5,1	5,9	10,7	11,3	9,4	7,4	7,2	.	7,4	6,7	7,5	7,2	.	.	.	-3,6

TABLE 8: Long-term interest rates¹¹

		1976	1977	1978	1979	1980	1980			1981		1981							Change over 12 months %
							II	III	IV	I	II	Feb.	March	April	May	June	July	August	
B		9,0	8,8	8,5	9,7	12,2	11,8	12,4	13,0	13,6	14,2	13,4	13,6	13,5	13,9	14,2	14,0	14,1	2,0
DK		13,6	16,6	16,7	15,9	18,9	19,3	18,9	18,4	18,4	19,4	18,6	18,4	19,0	19,4	19,4	20,1	20,2	0,2
D		7,8	6,2	5,7	7,4	8,5	8,2	8,1	8,9	10,3	10,9	9,9	10,3	10,2	10,8	10,9	11,0	11,2	3,4
F		10,5	11,0	10,6	10,0	13,7	13,3	13,9	14,3	15,0	17,3	15,1	15,0	15,0	17,3	17,3	17,1	17,0	3,5
IRL		14,7	12,9	12,8	14,9	15,4	14,6	14,6	15,6	16,1	17,2	16,0	16,1	16,6	17,0	17,2	17,4	20,2	5,7
I		12,5	15,2	14,2	14,3	16,4	15,4	17,0	17,9	18,4	18,4	17,8	18,4	18,9	18,6	18,4	.	.	3,0
L		7,2	7,0	6,6	6,8	7,4	7,5	7,5	7,9	8,0	8,7	7,9	8,0	8,3	8,7	8,7	8,9	.	1,4
NL		9,0	8,1	7,7	8,8	10,2	10,0	10,3	10,5	11,4	11,4	11,1	11,4	11,3	11,9	11,4	11,6	12,1	0,0
UK		14,4	12,7	12,5	13,0	13,8	13,8	13,3	13,8	13,4	14,7	13,9	13,4	13,8	14,2	14,7	15,0	15,2	1,3
EC 9 ⁹		10,4	10,1	9,7	10,3	12,2	11,9	12,2	12,7	13,5	14,5	13,3	13,5	13,6	14,4	14,5	(14,5)	(14,7)	(2,8)
USA		6,8	7,1	7,9	8,7	10,8	9,4	10,9	11,9	12,2	14,8	12,2	12,2	12,6	13,0	14,8	13,1	13,6	3,1
JAP		8,7	7,3	6,1	7,7	9,2	8,6	9,2	9,4	8,3	8,8	8,8	8,3	8,4	8,8	8,8	.	.	0,2

TABLE 9: Value of ECU — 1 ECU = units of national currency or SDRs

		1976	1977	1978	1979	1980	1980			1981		1981							Change over 12 months %
							III	IV	I	II	III	March	April	May	June	July	Aug.	Sept.	
BFR/LFR		43,17	40,88	40,06	40,17	40,60	40,44	41,07	41,61	41,42	41,07	41,66	41,49	41,41	41,37	41,29	41,15	40,76	0,4
DKR		6,76	6,86	7,02	7,21	7,83	7,81	7,86	7,97	7,98	7,88	7,99	7,99	7,98	7,96	7,91	7,91	7,81	-0,2
DM		2,82	2,65	2,56	2,51	2,53	2,53	2,56	2,57	2,54	2,51	2,54	2,54	2,54	2,53	2,52	2,52	2,49	-1,6
DR		40,89	42,04	46,80	50,78	59,24	61,43	60,36	61,43	61,83	61,47	61,82	61,88	61,80	61,81	61,63	61,62	61,17	0,4
FF		5,34	5,61	5,74	5,83	5,87	5,86	5,92	5,98	6,03	5,99	5,99	5,99	6,08	6,03	5,99	6,02	5,96	1,3
IRL		0,622	0,654	0,664	0,669	0,676	0,671	0,684	0,695	0,694	0,688	0,696	0,695	0,694	0,692	0,691	0,689	0,683	1,6
LIT		930	1 007	1 080	1 138	1 189	1 200	1 213	1 233	1 263	1 254	1 243	1 264	1 263	1 261	1 255	1 252	1 255	4,2
HFL		2,96	2,80	2,75	2,75	2,76	2,75	2,77	2,81	2,81	2,79	2,81	2,81	2,82	2,81	2,81	2,80	2,76	0,4
UKL		0,622	0,654	0,664	0,646	0,598	0,597	0,562	0,534	0,536	0,562	0,541	0,539	0,530	0,539	0,551	0,553	0,582	-1,1
USD		1,118	1,141	1,274	1,371	1,391	1,423	1,340	1,233	1,116	1,033	1,206	1,175	1,107	1,066	1,034	1,007	1,057	-25,3
YEN		331,2	305,8	267,1	300,5	315,0	312,8	282,1	253,1	245,0	239,1	251,6	252,1	244,1	238,7	239,9	235,1	242,4	-20,1
SDR		0,968	0,977	1,018	1,061	1,068	1,078	1,042	0,992	0,943	0,911	0,982	0,970	0,939	0,921	0,910	0,898	0,925	-13,8

TABLE 10: Effective exchange rates: export aspect¹² - Percentage change on preceding period

		1976	1977	1978	1979	1980	1980			1981		1981							Change over 12 months %
							III	IV	I	II	III	March	April	May	June	July	Aug.	Sept.	
B/L		2,1	6,1	3,7	1,5	-0,5	0,2	-3,2	-2,6	-1,4	-0,9	-0,2	0,0	-0,8	-0,9	-0,6	0,1	1,8	-6,1
DK		2,2	-0,4	0,4	-0,9	-8,2	0,5	-3,5	-3,5	-2,5	-0,1	-0,1	-0,5	-1,7	-0,4	-0,3	-0,2	3,5	-6,7
D		5,8	8,6	6,8	5,1	0,3	-0,1	-4,1	-2,6	-1,2	-1,1	2,0	-0,3	-1,8	-0,9	-0,7	-0,3	2,9	-6,4
F		-3,6	-4,8	-1,1	0,6	0,3	0,3	-3,2	-3,0	-3,1	-1,1	0,0	-0,4	-2,9	-0,1	-0,3	-0,8	2,3	-8,6
IRL		-10,2	-2,9	1,4	0,4	-3,0	0,3	-6,2	-4,1	-2,1	0,2	0,9	-0,5	-1,8	-0,3	-0,9	1,0	3,8	-8,6
I		-17,0	-8,1	-5,8	-3,2	-3,7	-1,3	-3,4	-3,8	-4,9	-1,3	-1,2	-2,3	-1,3	-1,1	-0,4	-0,2	0,9	-11,7
NL		2,8	5,8	3,0	1,7	0,0	0,7	-2,3	-2,7	-2,0	-0,4	0,0	0,5	-1,3	-0,5	-0,5	0,2	2,2	-5,7
UK		-14,7	-4,6	1,3	6,4	10,2	2,4	4,9	0,9	-3,8	-6,4	-3,0	-0,4	-0,3	-3,3	-0,1	-4,5	-3,6	-9,5
ECU		-8,3	1,5	4,5	5,7	1,9	0,4	-4,6	-6,3	-5,7	-4,4	0	-1,3	-3,6	-2,5	-1,5	-1,6	3,3	-17,4
USA		5,2	-1,2	-9,7	-2,6	0,1	-2,7	3,0	3,4	7,4	5,6	0,3	2,1	3,9	2,4	2,4	2,1	-3,1	19,4
JAP		4,5	10,9	21,5	-6,9	-4,1	4,0	7,3	6,5	-2,0	-1,8	-0,9	-1,6	0,1	0,1	-2,4	1,0	-0,3	7,1

⁸ National sources for the Federal Republic of Germany, France, Ireland and the United Kingdom; seasonally adjusted by Eurostat for Denmark, Italy, The Netherlands and Belgium.

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TABLE 1: Industrial production¹ - Percentage change on preceding period (s.a.)

	1976	1977	1978	1979	1980	1980			1981		1981							Change over 12 months % ²
						II	III	IV	I	II	Jan.	Feb.	March	April	May	June	July	
B	8,1	0,4	2,4	4,5	-0,8	-3,4	-3,2	-3,1	2,8	0,2	9,4	-2,5	-0,8	-1,2	3,1	2,1	-5,3	-3,2
DK	9,3	0,8	2,3	3,6	0,2	-4,1	-1,3	-1,6	2,3	-0,7	-1,2	1,4	1,1	-0,3	-4,9	5,3	4,0	3,5
D	7,4	2,8	2,0	5,5	-0,8	-2,7	-1,8	-0,9	0,9	-0,9	1,0	4,7	-2,7	0,9	0	-2,8	0,9	-2,0
GR	10,5	2,0	7,6	6,1	1,0	1,2	-1,1	-1,4	-2,3	0	-5,6	2,9	-0,5	-0,7	4,6	:	:	1,1
F	9,7	1,6	1,6	4,7	-0,7	-2,2	0,8	-2,3	-4,8	0,2	-7,5	-1,6	5,0	-2,4	-0,8	1,6	:	-0,7
IRL	8,8	9,2	8,1	6,1	-1,7	-0,6	-5,1	-1,9	3,7	1,6	2,5	4,3	-4,4	3,4	0,2	-0,7	:	0,8
I	11,6	0	2,1	6,7	5,0	-2,7	-7,6	5,3	0,6	-2,5	-1,1	7,4	-0,8	-0,3	-5,9	0,1	2,7	-1,3
L	3,8	0,5	3,2	3,4	-3,3	-2,4	-7,5	-1,3	-4,9	1,6	-3,9	4,0	0,2	-4,6	8,5	-1,8	-1,2	-7,0
NL	8,0	0	0,9	2,8	-0,2	-3,4	-3,9	3,4	0,3	-3,6	-0,9	3,6	-4,3	-0,9	-1,8	0,9	:	-2,7
UK	2,7	4,7	3,3	3,8	-6,9	-2,9	-3,0	-2,3	-0,7	-0,1	-0,7	1,1	-0,1	-0,2	-0,8	1,7	0	-5,7
EC 10	7,4	2,4	2,4	4,9	-0,9	-1,2	-2,6	-1,2	-0,4	-0,3	-0,6	1,7	-0,7	-0,5	-0,1	0,6	:	-3,2
USA	10,2	6,5	5,7	4,4	-3,5	-5,2	-1,7	4,9	1,8	0,6	0,5	-0,1	0,4	0	0,6	-0,1	0,3	9,3
JAP	11,1	4,1	6,2	8,3	7,0	0,3	-2,0	1,6	1,6	-0,3	0,8	0,6	-0,7	0,3	-1,8	2,7	0,5	3,0

TABLE 2: Unemployment rate - Number of unemployed as percentage of civilian labour force (s.a.)

	1976	1977	1978	1979	1980	1980			1981		1981							Change over 12 months % ²
						II	III	IV	I	II	Feb.	March	April	May	June	July	August	
B	6,8	7,8	8,4	8,7	9,4	9,0	9,5	10,1	10,6	11,2	10,6	10,8	11,0	11,2	11,5	11,8	12,0	23,2
DK ³	4,7	5,8	6,5	5,3	6,2	5,5	6,1	7,3	8,0	8,3	8,0	8,0	8,5	8,2	8,1	(8,1)	(8,1)	(22,5)
D	4,1	4,0	3,9	3,4	3,4	3,2	3,5	3,8	4,2	4,6	4,1	4,3	4,4	4,6	4,7	5,0	5,2	49,1
F	4,3	4,8	5,2	6,0	6,4	6,3	6,3	6,6	7,1	7,5	7,1	7,2	7,4	7,5	7,6	7,8	7,9	27,1
IRL	9,4	9,2	8,4	7,4	8,3	7,7	8,6	9,4	9,9	10,3	9,9	10,1	10,2	10,2	10,4	10,5	10,5	21,2
I	5,6	6,4	7,1	7,5	8,0	8,0	8,0	8,1	8,3	8,6	8,3	8,4	8,4	8,6	8,7	8,8	8,8	13,1
L	0,3	0,5	0,7	0,7	0,7	0,6	0,7	0,8	0,9	0,9	0,9	0,9	0,9	0,9	0,9	0,9	1,0	46,3
NL	4,3	4,1	4,1	4,1	4,8	4,3	4,9	5,6	6,2	6,9	6,2	6,6	6,7	6,9	7,2	7,6	7,7	55,6
UK	5,3	5,7	5,7	5,3	6,9	6,2	7,1	8,3	9,4	10,3	9,4	9,7	10,0	10,3	10,6	10,7	11,0	46,9
EC 9	4,9	5,3	5,5	5,5	6,2	5,9	6,2	6,8	7,3	7,8	7,3	7,5	7,6	7,8	8,0	8,2	8,3	32,8
USA	7,7	7,0	6,0	5,8	7,1	7,3	7,5	7,5	7,3	7,4	7,3	7,3	7,3	7,6	7,3	7,0	7,2	-3,2
JAP ⁴	2,0	2,0	2,2	2,1	2,0	2,0	2,0	2,2	2,2	(2,4)	2,2	2,2	2,3	2,4	2,3	2,2	:	8,0

TABLE 3: Consumer price index - Percentage change on preceding period

	1976	1977	1978	1979	1980	1980			1981		1981							Change over 12 months % ²
						II	III	IV	I	II	Feb.	March	April	May	June	July	August	
B	9,2	7,1	4,5	4,5	6,6	0,8	1,8	2,2	2,2	0,8	0,9	0,6	-0,1	-0,1	0,6	1,6	0,5	8,1
DK	9,0	11,1	10,1	9,6	12,4	3,1	2,9	1,9	2,6	4,3	1,0	2,0	1,2	1,6	1,0	0,7	0,4	11,6
D	4,3	3,7	2,7	4,1	5,5	1,8	0,7	0,8	2,2	1,8	0,8	0,7	0,7	0,4	0,5	0,4	0,3	6,0
GR	13,3	12,2	12,5	19,0	24,9	7,0	1,8	7,8	7,3	5,4	0,9	2,4	2,0	1,2	1,8	-0,5	-0,8	23,7
F	9,6	9,5	9,3	10,7	13,6	3,1	3,2	2,8	2,9	3,3	1,0	1,0	1,3	0,9	1,0	1,7	1,3	13,7
IRL ⁵	17,9	13,7	7,7	13,2	18,2	7,4	2,9	3,1	6,2	3,9	(2,0)	(1,3)	(1,3)	(1,3)	(1,9)	(1,9)	(1,9)	20,1
I	16,8	17,0	12,2	14,8	21,2	3,9	4,3	5,3	5,2	4,4	1,9	1,4	1,3	1,6	1,1	0,6	0,7	18,9
L	9,8	6,7	3,1	4,5	6,3	1,6	1,0	1,9	2,4	2,2	0,6	0,8	0,6	0,8	1,0	0,5	0,4	8,5
NL	9,0	6,4	4,2	4,3	7,0	2,4	1,1	1,5	1,5	2,3	0,6	0,9	1,1	0,5	0,1	0,7	0,6	7,0
UK	16,5	15,9	8,3	13,4	18,0	5,8	2,1	1,9	2,4	4,9	0,9	1,5	2,9	0,6	0,5	0,5	0,7	11,4
EC 10	10,8	10,5	7,6	10,2	14,1	3,7	2,5	2,6	3,2	3,6	1,1	1,2	1,6	0,9	0,8	0,8	0,7	12,4
USA	5,8	6,5	7,6	11,5	13,5	3,6	1,9	2,6	2,6	(2,0)	1,1	0,7	0,7	0,7	0,7	(1,2)	:	(10,7)
JAP	9,3	8,1	3,8	3,6	8,0	3,2	1,2	1,0	1,1	1,7	0,1	0,6	0,8	0,9	0,1	-0,3	:	4,4

TABLE 4: Volume of retail sales - Percentage change on preceding period (s.a.)

	1976	1977	1978	1979	1980	1980			1981		1981							Change over 12 months % ²
						II	III	IV	I	II	Feb.	March	April	May	June	July	August	
B	5,7	1,2	2,3	3,9	0,1	-1,9	-0,8	-0,6	-3,2	1,7	-2,8	-3,9	6,3	-3,6	5,1	:	:	2,6
DK	4,8	1,1	-2,4	2,2	-1,5	-0,2	-1,0	0,4	-0,3	:	-2,0	-1,5	4,7	:	:	:	:	2,5
D	3,8	3,1	2,8	2,6	0,3	-4,2	2,0	0,2	-1,5	-2,2	3,3	-5,8	2,8	-2,6	-1,0	:	:	-0,3
GR	:	:	:	:	2,9	-1,9	5,8	-3,4	:	:	-8,2	1,9	:	:	:	:	:	-6,0
F	2,9	0	2,1	2,3	-0,4	-2,3	1,4	2,0	-1,8	1,3	-2,0	-1,9	4,5	-3,9	2,0	3,0	-2,7	1,6
IRL	2,6	4,9	8,8	3,4	-0,8	-3,4	-2,4	4,1	0	:	-2,2	3,6	-0,6	:	:	:	:	-0,1
I	3,5	2,9	2,6	7,3	3,6	0,0	1,5	-0,5	0,8	:	-4,1	-4,9	7,4	-4,0	:	:	:	-1,7
NL	2,2	4,7	4,7	-0,3	-4,1	-4,4	-0,8	-1,4	0,1	:	-3,7	-5,7	5,0	:	:	:	:	-2,2
UK	-0,1	-1,7	5,6	4,8	0,6	-1,0	-0,3	0,2	3,4	-1,4	-1,0	-1,3	0,0	-0,7	1,0	-1,8	:	0,2
EC 9 ⁶	2,7	1,5	3,2	3,6	0,5	-2,3	1,0	0,3	(-0,2)	:	-0,4	-3,5	3,7	-2,8	:	:	:	(1,7)
USA	10,7	12,7	10,6	11,7	7,0	-2,0	4,2	3,2	4,9	0,7	1,5	0,9	-2,1	-0,3	1,7	0,3	0,6	9,8
JAP	6,0	14,0	9,3	-1,2	-1,4	-1,8	-1,3	-0,2	-1,9	:	-3,9	1,7	-0,1	-1,4	:	:	:	-5,1

TABLE 5: Trade balance - fob/cif, million ECUs (s.a.)

	1976	1977	1978	1979	1980	1980			1981		1981							Change over 12 months %
						II	III	IV	I	II	Feb.	March	April	May	June	July	August	
B/L	-2 375	-2 526	-2 890	-3 020	-5 172	-941	-1 278	-1 391	-1 960	:	-677	-645	-610	-360	:	:	:	-108
DK	-2 954	-2 801	-2 198	-2 904	-1 911	-619	-440	-313	-270	-333	-84	-114	-143	-185	-4	:	:	345
D	12 243	14 514	15 934	8 933	3 545	557	835	501	169	2 365	458	-332	1 028	646	691	1 690	395	211
GR	-3 131	-3 588	-3 347	-4 187	-3 906	-924	-928	-1 131	-562	:	-193	-223	:	:	:	:	:	105
F	-7 732	-6 117	-4 097	-6 195	-16 952	-4 437	-4 558	-4 764	-4 321	-4 068	-1 344	-1 381	-1 337	-1 095	-1 636	-1 607	-785	364
IRL	-772	-876	-1 132	-1 955	-1 898	-413	-436	-581	-601	-582	-202	-223	-229	-163	-191	-307	-175	70
I	-5 981	-2 444	-336	-4 103	-15 696	-3 431	-5 288	-4 654	-3 953	-4 757	-1 391	-1 321	-1 678	-1 973	-1 107	-793	:	741
NL	317	-1 687	-2 240	-2 619	-2 184	-853	-815	-710	-149	-259	-219	-15	-92	-65	-102	69	:	383
UK	-8 664	-5 246	-5 548	-8 705	-3 590	-1 905	-551	779	:	:	382	:	:	:	:	:	:	+1 093
EC 9 ⁷	-15 919	-7 184	-2 508	-20 804	-43 859	-11 935	-12 410	-10 751	(-10 500)	(-10 600)	-3 176	(-4 400)	(-3 500)	(-3 700)	(-3 400)	:	:	+1 050
USA	-13 189	-31 907	-31 014	-27 146	-26 113	-6 627	-3 792	-5 387	-7 210	-8 989	-2 606	-374	-2 950	-3 112	-2 927	-1 412	:	-157
JAP	2 171	8 488	14 285	-5 574	-7 700	-3 172	-1 186	-156	376	2 276	123	-116	679	692	905	(761)	(1 081)	(1 557)

Source: For the Community countries: Eurostat, unless otherwise stated; for the United States and Japan: national sources.

¹ National sources, except in the cases of the Community, Denmark, Ireland, Belgium and Luxembourg. Because of differences in the methods of seasonal adjustment, the change in the EC index, adjusted by Eurostat and given in Table 1, may differ from the change in the EC index obtained by aggregation of the national indices. The figures are corrected for the number of working days. Excluding building and construction and, in the case of France, the foodstuffs and beverages industry.

² For the most recent figure given

Major economic policy measures — August-September 1981

Community (EC)

12.9 The Council (Economic and Financial Affairs) among others gave the Commission a brief for the continuation of negotiations within the OECD for the amendment of the Arrangement on export credits, and reached a common position on the Commission's proposal for a continuation of the New Community Instrument.

Belgium (B)

7.8 Agreement was reached within the Government on the draft State budget for 1982. The current deficit is to be limited to BFR201 000 million and the net borrowing requirement to BFR354 000 million (equivalent to 9% of GDP). For the public sector as a whole, the net borrowing requirement is not to exceed 12% of GDP. Current expenditure is to rise by 8.4% compared with the adjusted 1981 budget (including the public debt). As a result of a number of specific measures aimed at reducing the deficit, revenue from taxes and social security contributions is to rise by BFR68 000 million, while savings are expected to amount to some BFR25 000 million.

23.9 The Banque Nationale raised the ceiling for the indirect advances which it can grant the Treasury through the Fonds des Rentes (Securities Stabilization Fund) from BFR130 000 million to BFR150 000 million. This, plus the BFR37 000 million in direct lending, now brings the limit for the central government's indebtedness with the Banque Nationale to BFR187 000 million. On 21 September it stood at BFR166 700 million.

Denmark (DK)

14.8 The Danish Government presented its draft budget for 1982 to Parliament. Central government expenditure in 1982 is estimated at DKR164 300 million, which is 12.4% more than the probable outturn for 1981. The figure for revenue is DKR124 000 million, an increase of 8.8%. The deficit is put at DKR39 900 million, as against an expected DKR31 900 million for 1981.

7.9 A parliamentary majority agreed to a number of minor tax changes for 1982 suggested by the Government: central government income tax rates will be slightly reduced, the lower tax rate band will be widened by a further DKR1 000 to DKR95 500, the pension contribution will be raised to 3.5% of taxable income, and the pensioners' tax allowance will be increased by more than the normal amount. Tax receipts will be slightly lower as a result.

Federal Republic of Germany (D)

3.9 The Federal Government approved a wide ranging package of measures designed to reduce the net borrowing requirement of the Federal Government and to encourage economic growth by shifting the emphasis from expenditure on consumption towards investment. It is estimated that the whole package will reduce the net borrowing requirement of the Federal budget in 1982 by DM12 500 million (compared to what it would otherwise have been) of which about DM10 000 million is attributable to spending cuts and DM2 500 million to revenue increases. The overall result is Federal Government budget expenditure of DM240 800 million for 1982, an increase of 4.2% over the likely outturn for 1981. Taking account of a profit transfer from the Bundesbank of about DM6 000 million, the net borrowing requirement for 1982 is estimated at DM26 500 million, about DM7 000 million less than the likely outturn for 1981.

Greece (GR)

1.8 Elderly persons who are not members of a provident institution will be paid a pension out of the central government budget. They will also receive free medical treatment and medicines.

12.9 The Government decided to defer the debts of farmers and craftsmen for five years.

France (F)

5.8 The prices of services connected with tourism were made subject to supervision.

19.8 The recruitment of 37 700 public sector employees, as provided for in the amending budget, was initiated; the dismissal of non-established employees was deferred.

31.8 The SNCF increased passenger fares on major routes by 10%.

1.9 The minimum wage (SMIC) was increased by 3.7%, raising the hourly rate from FF16,72 to FF17,34.

4.9 New regulations were issued concerning the interest payable on time deposits.

10.9 A FF15 000 million government loan was floated at the actuarial rate of 16,75%.

10.9 The relaxation of ceilings on lending released FF16 500 million.

15.9 On the occasion of the censure motion tabled by the opposition, the Prime Minister announced a number of measures concerning employment and investment.

21.9 The exchange control regulations were tightened up: importers are temporarily prohibited from forward cover buying.

30.9 The Cabinet adopted the draft budget for 1982. It provides for a deficit of FF95 400 million and a slightly heavier burden of taxation. Expenditure, which will go mainly on employment and investment, will be 27,6% up and receipts 18,9% up. The increase in expenditure will permit the creation of 61 000 jobs in the public sector, direct assistance for programmes benefiting new employment (FF18 600 million) and a 40% increase in the minimum old age pension. The tax measures include a 13,5% increase in the threshold for each income tax band, 10% increase in the tax paid on the fraction of income in excess of FF15 000, and the introduction of a wealth tax.

Ireland (IRL)

26.8 Milk subsidies costing IRL5 million in 1981 were announced.

September - None.

Italy (I)

8.8 The Minister for the Treasury extended to the end of 1981 the requirement for credit institutions to invest a proportion of the increase in savings and current account deposits in securities issued by certain real estate and agricultural credit institutions. The proportion was raised from 6,5% to 8%.

30.9 Under the terms of the Commission Decision of 23 September, the Government extended the requirement to lodge a deposit when purchasing foreign currency to the end of February 1982. The following conditions apply: — the deposit is reduced to 25% of the relevant transaction from 1 October 1981, 20% from 1 January 1982 and 15% from 1 February 1982; — from 1 October, transactions relating to agricultural products and non-ferrous metals will be exempted.

Luxembourg (L)

None.

Netherlands (NL)

13.8 So as to give private firms better access to risk capital, the Government decided to introduce a new method of financing, called 'capital credit'. This will be granted by the National Investment Bank for a period of some fifteen years. The interest rate will depend on the profits of the individual firm. No repayments will have to be made for an initial period of up to five years. For repayment purposes, the creditor ranks last.

15.9 The Government presented its draft budget for 1982. Net expenditure from the budget and budget funds should be HFL151 000 million, 6,3% up on the probable outturn for 1981, and receipts HFL135 100 million (9,5% up). The budget for 1982 thus yields a deficit of HFL15 800 million, or 4 1/4% of net national income (6% in 1981). General government net borrowing should stand at 6 1/2% of net national income (7 3/4% in 1981). As a proportion of net national income, taxation and social security charges increase from 52,1% to 52,3%.

23.9 The Government decided that, in December 1981/January 1982, households with only one income no higher than the minimum level will be granted an allowance of between HFL150 and HFL450, depending on the household's composition.

United Kingdom (UK)

August The Chancellor of the Exchequer announced changes in the methods of monetary control to come into effect later in the financial year. In particular:

- The requirement for the banks to maintain a minimum reserve asset ratio is to be abolished.
- The requirement for London banks to hold 1 1/2% of their eligible liabilities with the Bank, in non-interest bearing form, will be abolished. Instead all banks and deposit takers will be required to hold 1/2% of their eligible liabilities with the bank.
- The Bank of England will aim to keep short-term interest rates within an undisclosed band. The market will have a greater role in determining the structure of short-term interest rates.
- The Bank will no longer post a continuous Minimum Lending Rate.

September - None.

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